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# **2021 Economy – Good, Bad and Ugly**

## **NSCA Economic Update July 20, 2021**

**Chris Kuehl  
Managing Director – Armada CI**



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Analysis of the Forces Affecting Business

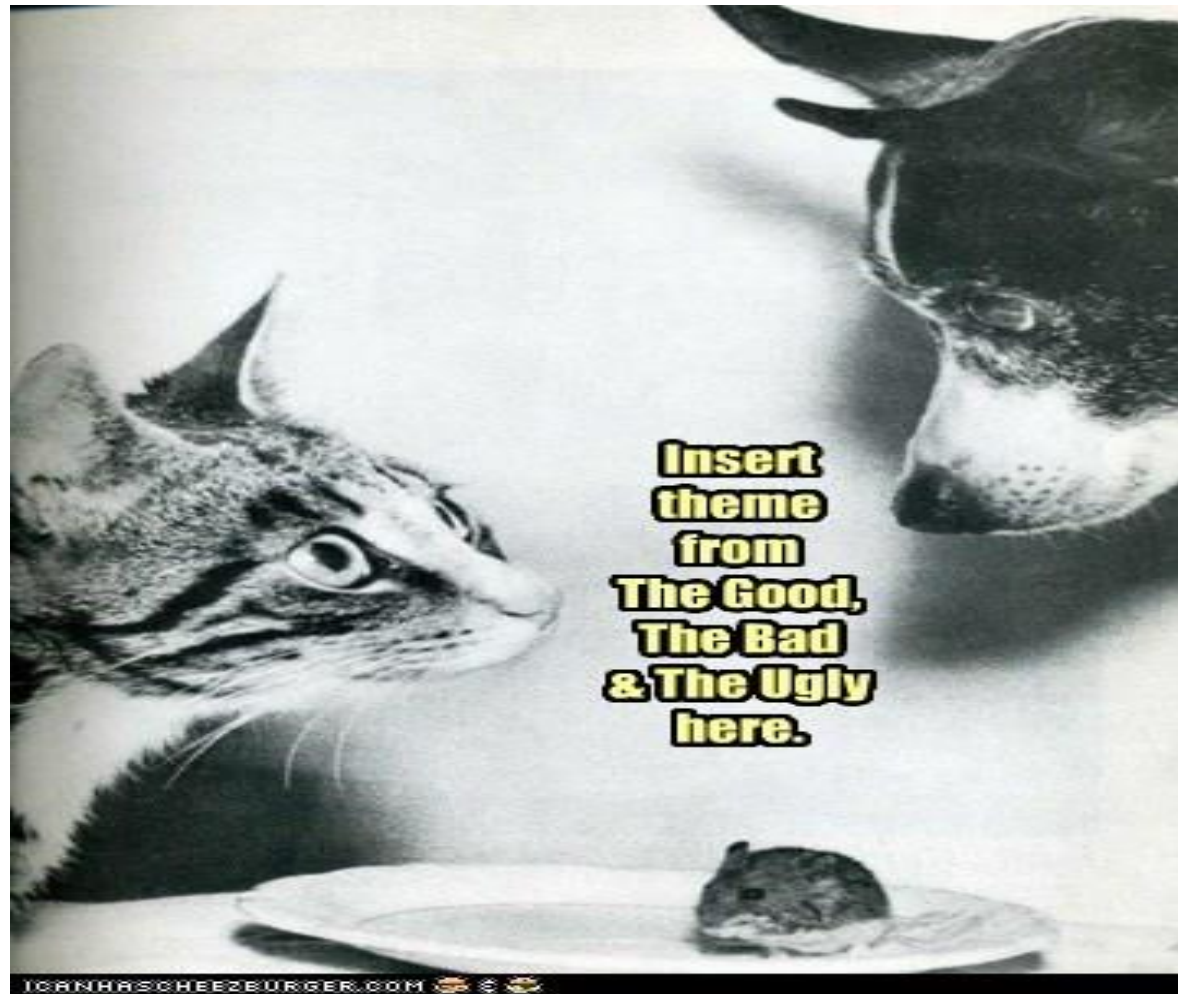
[Chris.Kuehl@armadaci.com](mailto:Chris.Kuehl@armadaci.com)

July 20, 2021

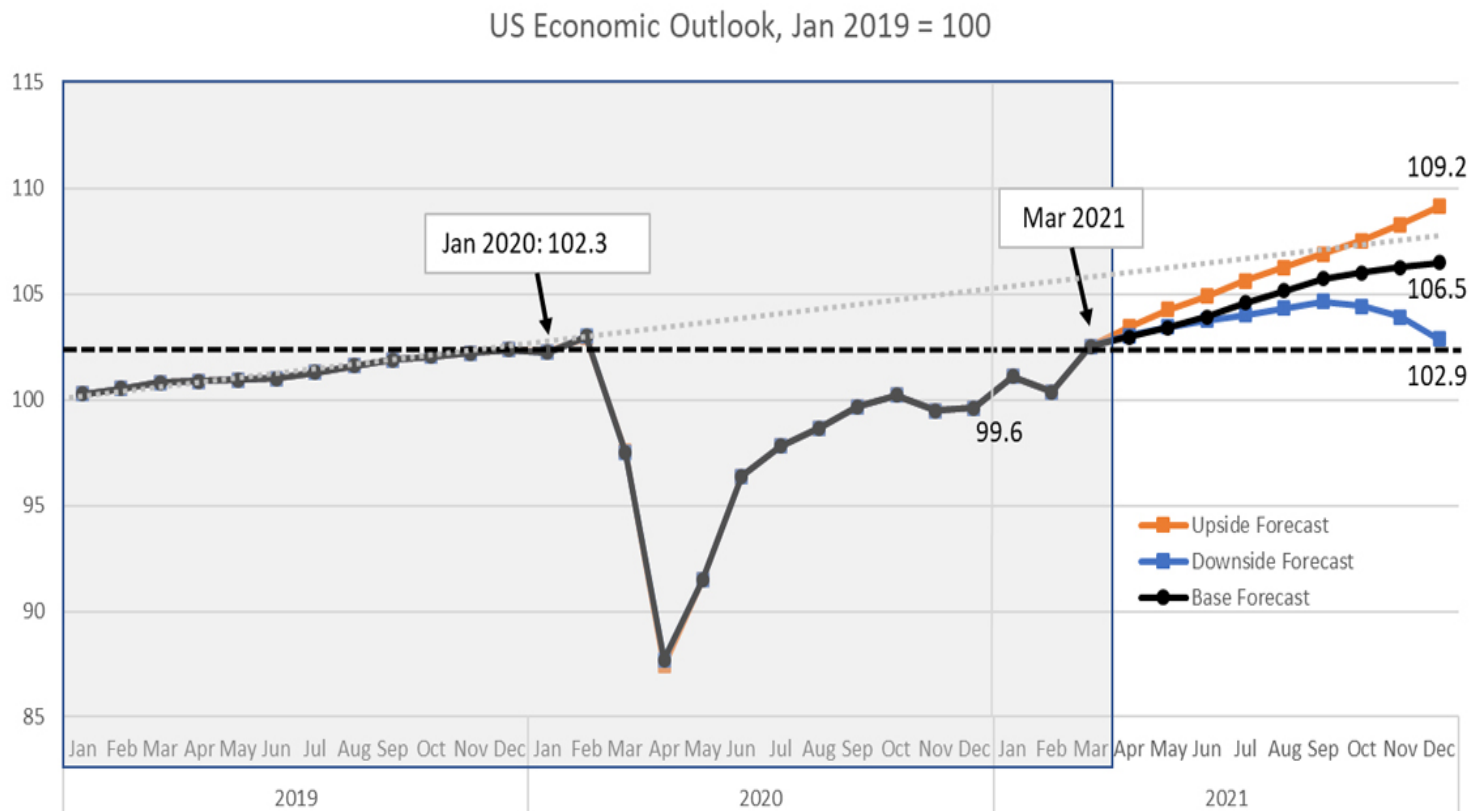
# Decisions, Decisions!



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# Good, Bad and Ugly Projections



# The Good and the Bad (Ugly is Next Slide)

- **Q2 grew at over 9.0%**
- **Lockdown ended in the majority of states**
- **Service sector has rebounded quickly**
- **Most measures up – PMI, CMI, Capacity utilization, durable goods etc.**
- **Inflation rates spiking – above 5% for real rate**
- **Too few job seekers**
- **Slower recovery in most of the world**
- **Slower pace than expected for vaccination**

# The UGLY!



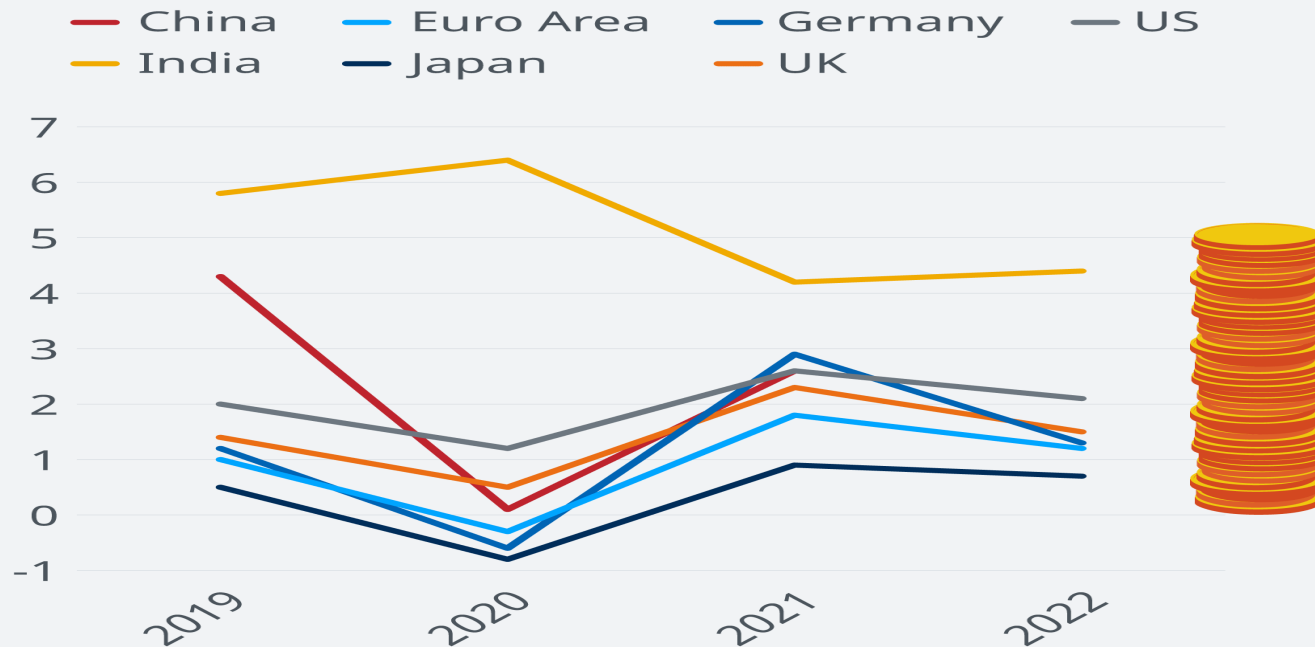
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- **Supply chain issues were bad before this all started and they will continue to deteriorate. The Just-In-Time model is about dead.**
- **Labor shortages are not entirely tied to the pandemic – they also existed before and there will be no relief when the millions getting assistance are forced to look for jobs.**
- **Virus attacks are not a thing of the past. COVID 19 is not going away and neither are all the others (MERS, SARS, Avian flu, Swine flu, Ebola etc.)**
- **Major fault lines have developed globally. More chance of confrontation between US and China. Major instability in the developing world.**

# Transitory Inflation

## Inflation unlikely to get out of control

% change in fourth-quarter inflation from the same quarter in prior year



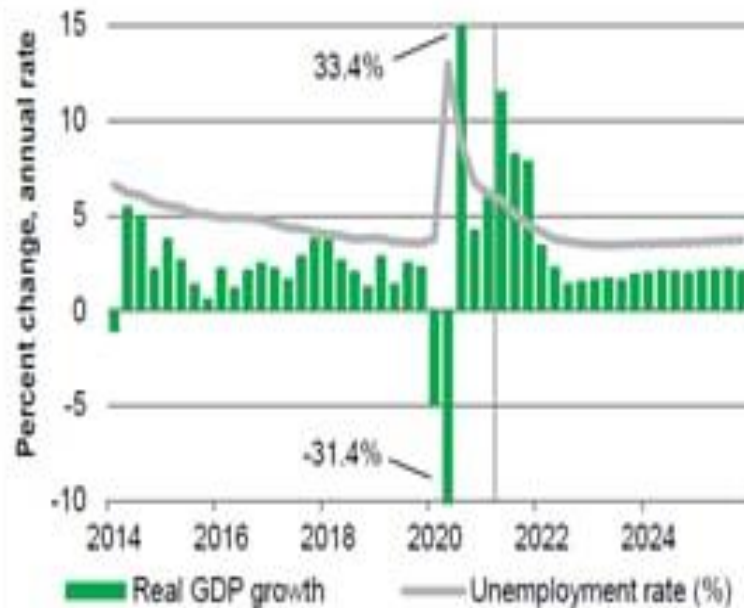
Source: Deutsche Bank

# Growth Starts to Taper (and so does inflation)

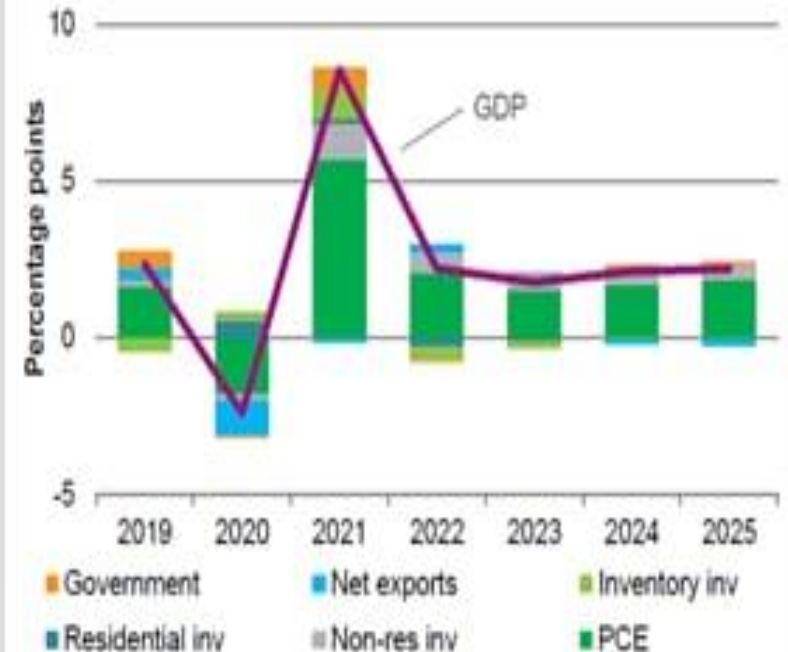


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Recovery continued through Q1; GDP surpasses prior peak in 2021 Q2



Contributions to GDP growth (Q4/Q4)

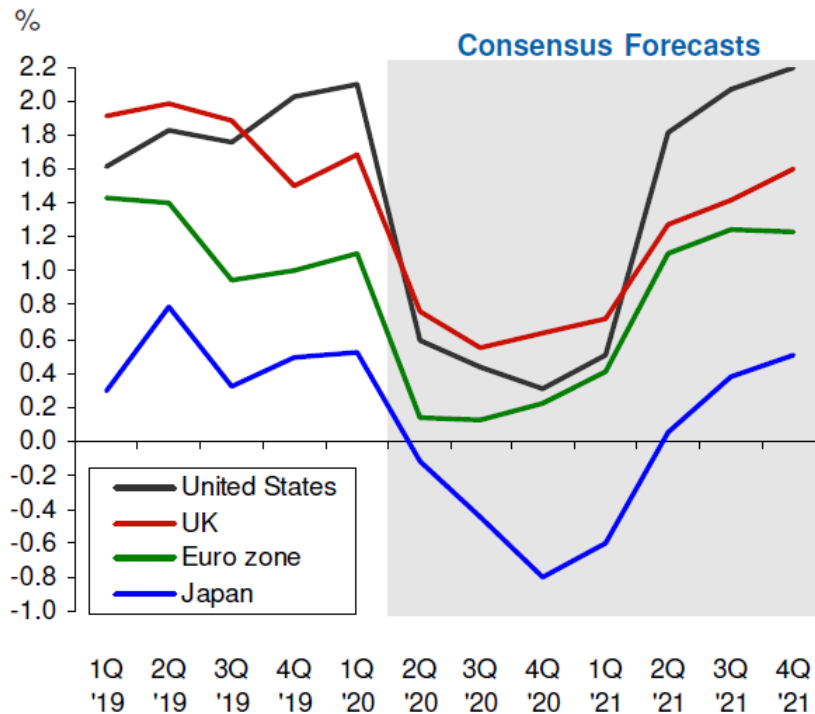


# US Leads but Still Only at 2.2%

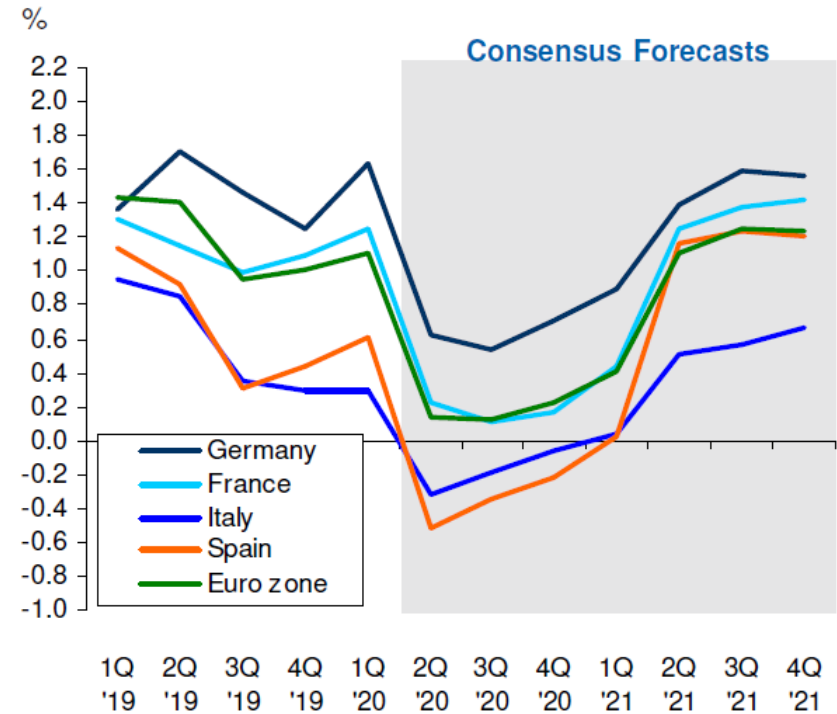


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Quarterly Inflation (CPI) Consensus Forecasts –  
US, Japan, UK and Euro zone  
(% change year-on-year)



Quarterly Inflation (CPI) Consensus Forecasts –  
Germany, France, Italy, Spain and Euro zone  
(% change year-on-year)



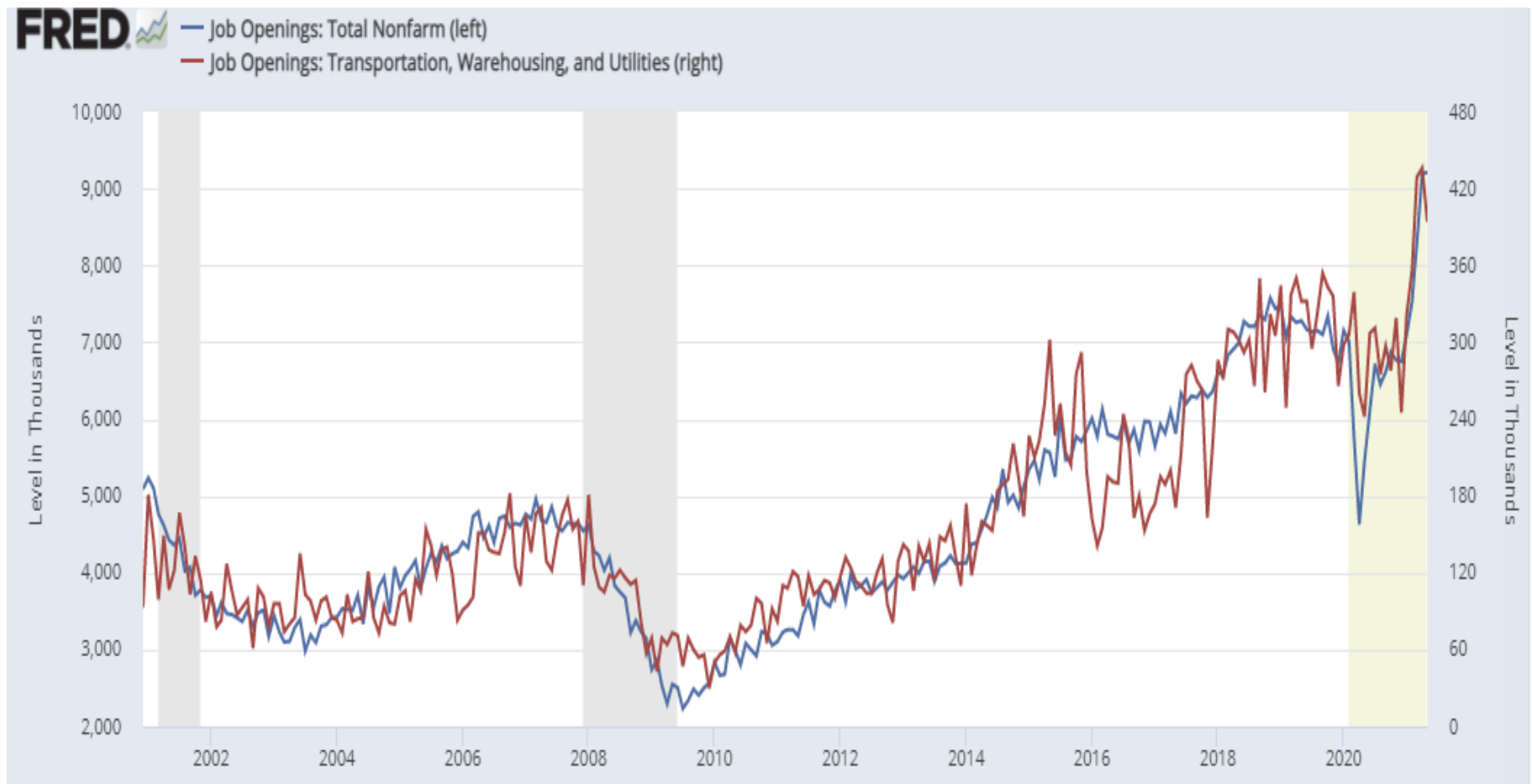
Source: G7 and Western Europe Consensus Forecasts Survey, June 8, 2020



# Job Openings Remain Strong



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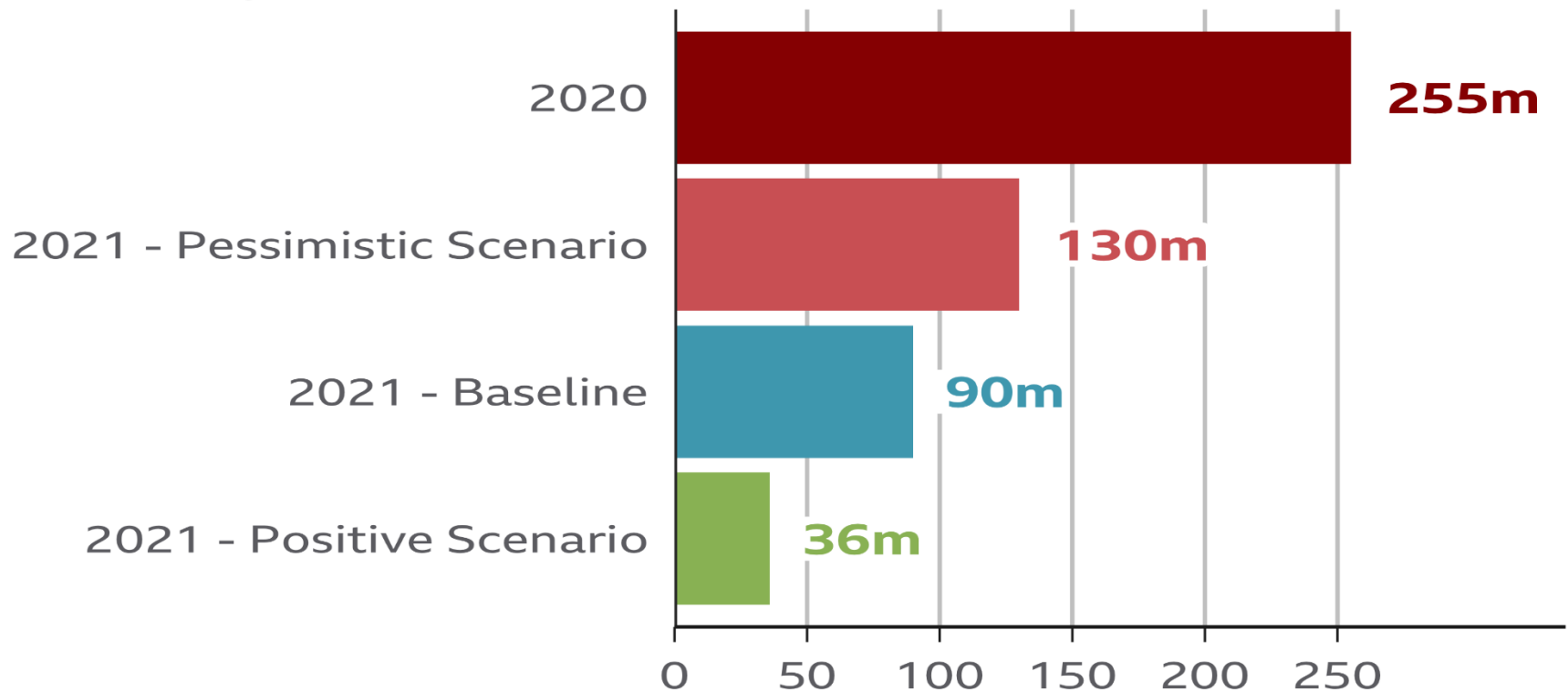
# Loss of Permanent Jobs



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## Global workforce collapse

The ILO's baseline scenario forecasts that 90 million full-time jobs will disappear in 2021



Source: International Labour Organization



# Back to the Office



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## KASTLE BACK TO WORK BAROMETER

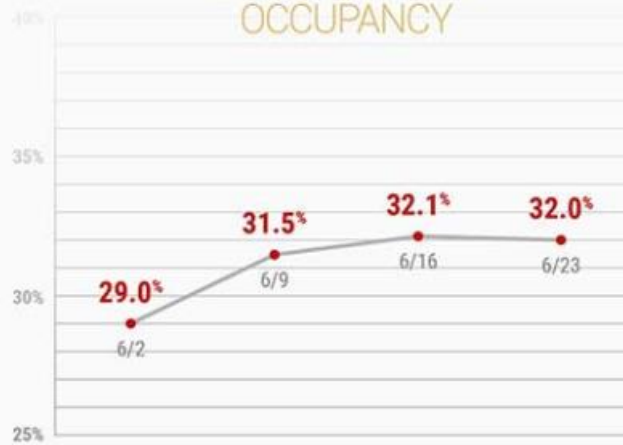
Weekly Occupancy Report from Kastle Access Control System Data

6.28.21

### BAROMETER THIS WEEK

32.0%

10 CITY AVERAGE  
OCCUPANCY



	Wed 6/16	Wed 6/23	% Change
Los Angeles metro	25.6%	27.1%	1.4% ▲
Austin metro	50.3%	49.1%	1.3% ▼
Washington D.C. metro	27.4%	26.3%	1.1% ▼
San Jose metro	20.8%	21.5%	0.8% ▲
Philadelphia metro	29.9%	29.5%	0.4% ▼
New York metro	21.7%	21.4%	0.3% ▼
San Francisco metro	18.7%	18.9%	0.2% ▲
Dallas metro	49.2%	49.3%	0.1% ▲
Houston metro	48.8%	48.8%	0.1% ▼
<b>Average of 10</b>	<b>32.1%</b>	<b>32.0%</b>	<b>0.1% ▼</b>
Chicago metro	28.1%	28.0%	0.1% ▼

# Global PMI Readings



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Country	Current Month	Latest Month Manuf. PMI	Prior Month Manuf. PMI	M/M Change	Current Month	Latest Month Services PMI	Prior Month Services PMI	M/M Change
Global PMI	June	55.5	56.0	-0.5	May	59.4	57.0	2.4
Eurozone PMI	June	63.4	63.1	0.3	June	58.3	55.2	3.1
US	June	62.1	62.1	0.0	June	64.6	70.4	-5.8
China	June	51.3	52.0	-0.7	June	50.3	55.1	-4.8
Canada	June	56.5	57.0	-0.5				
Mexico	June	48.8	47.6	1.2				
Japan	June	52.4	53.0	-0.6	June	48.0	46.5	1.5
Germany	June	65.1	64.4	0.7	June	57.5	52.8	4.7
South Korea	June	53.9	53.7	0.2				
UK	June	63.9	65.6	-1.7	June	62.4	62.9	-0.5
France	June	59.0	59.4	-0.4	June	57.8	56.6	1.2
India	June	48.1	50.8	-2.7	June	41.2	46.4	-5.2
Italy	June	62.2	62.3	-0.1	June	56.7	53.1	3.6
Taiwan	June	57.6	62.0	-4.4				
Brazil	June	56.4	53.7	2.7	June	53.9	48.3	5.6
Spain	June	60.4	59.4	1.0	June	62.5	59.4	3.1
Russia	June	49.2	51.9	-2.7	June	56.5	57.5	-1.0
Netherlands	June	68.8	69.4	-0.6				
Ireland	June	64.0	64.1	-0.1	June	63.1	62.1	1.0
Greece	June	58.6	58.0	0.6				
Poland	June	59.4	57.2	2.2				
ASEAN	June	49.0	51.8	-2.8				
Vietnam	June	44.1	53.1	-9.0				
Australia	June	58.6	60.4	-1.8	June	56.8	58.0	-1.2
Switzerland	June	66.7	69.9	-3.2				
Hong Kong	June	51.4	52.5	-1.1				
Singapore	June	50.8	50.7	0.1				

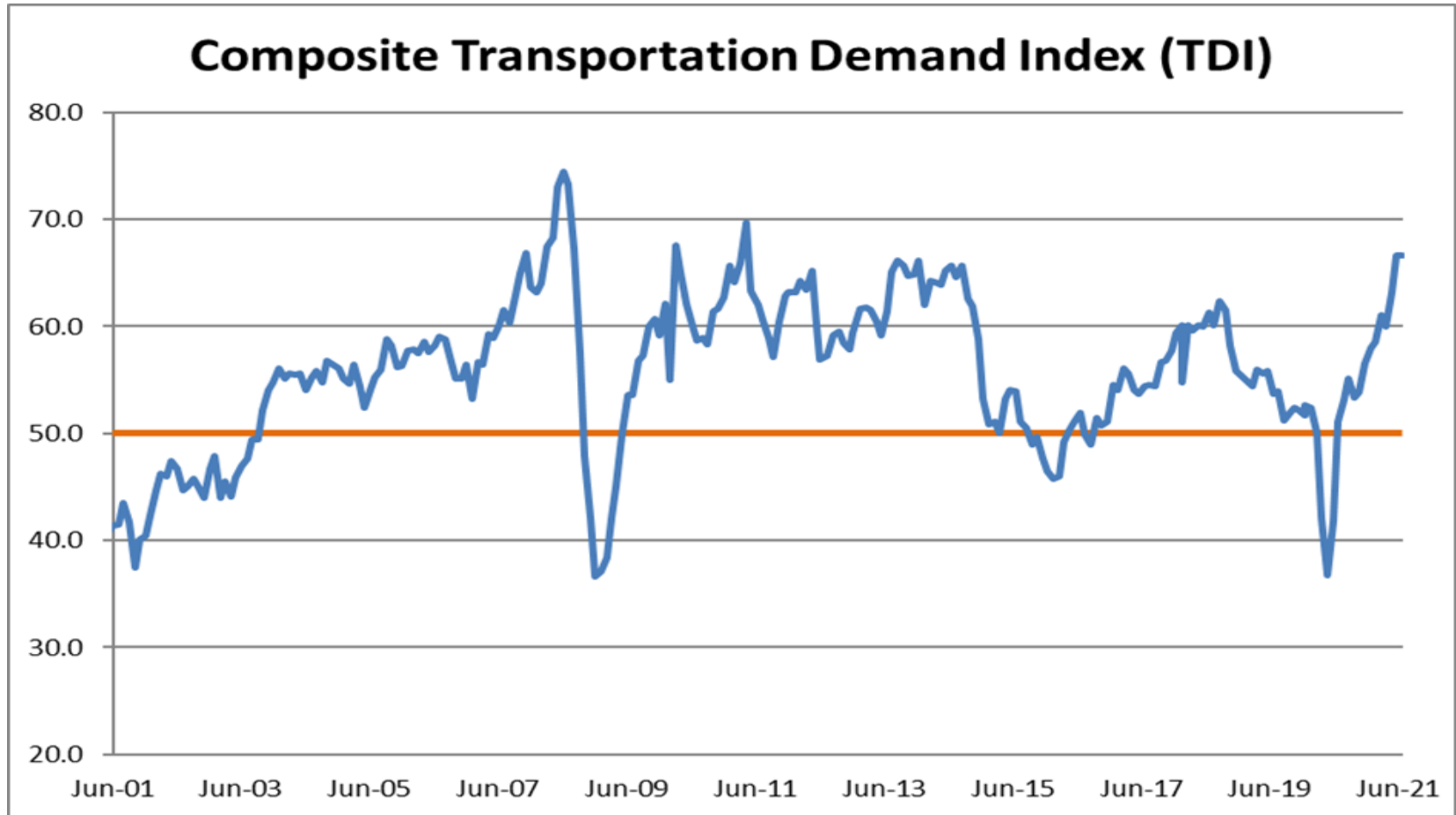
# Retail Outlook



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Kind of Retailer	Percent Change		
	M/M	Y/Y vs '20	Y/Y vs. '19
1. Total Retail	0.0%	51.2%	21.0%
2. Motor vehicle & parts dealers	2.9%	104.5%	36.5%
3. Furniture & home furn. Stores	-0.7%	196.4%	22.3%
4. Electronics & appliance stores	1.2%	139.0%	12.1%
5. Building material & garden equi	-0.4%	33.8%	39.6%
6. Food & beverage stores	0.4%	1.5%	14.4%
7. Health & personal care stores	1.0%	24.7%	13.4%
8. Gasoline stations	-1.1%	76.1%	5.8%
9. Clothing & clothing accessories	-5.1%	726.8%	5.1%
10. Sporting goods, hobby, musical	-3.6%	155.0%	41.9%
11. General merchandise stores	-4.9%	15.1%	9.2%
12. Department stores	-1.9%	72.5%	-4.5%
13. E-commerce	-0.6%	14.5%	41.8%
14. Bars and Restaurants	3.0%	116.8%	2.0%

# Transportation Demand Index



# Trucking Price Hikes Due to Fade

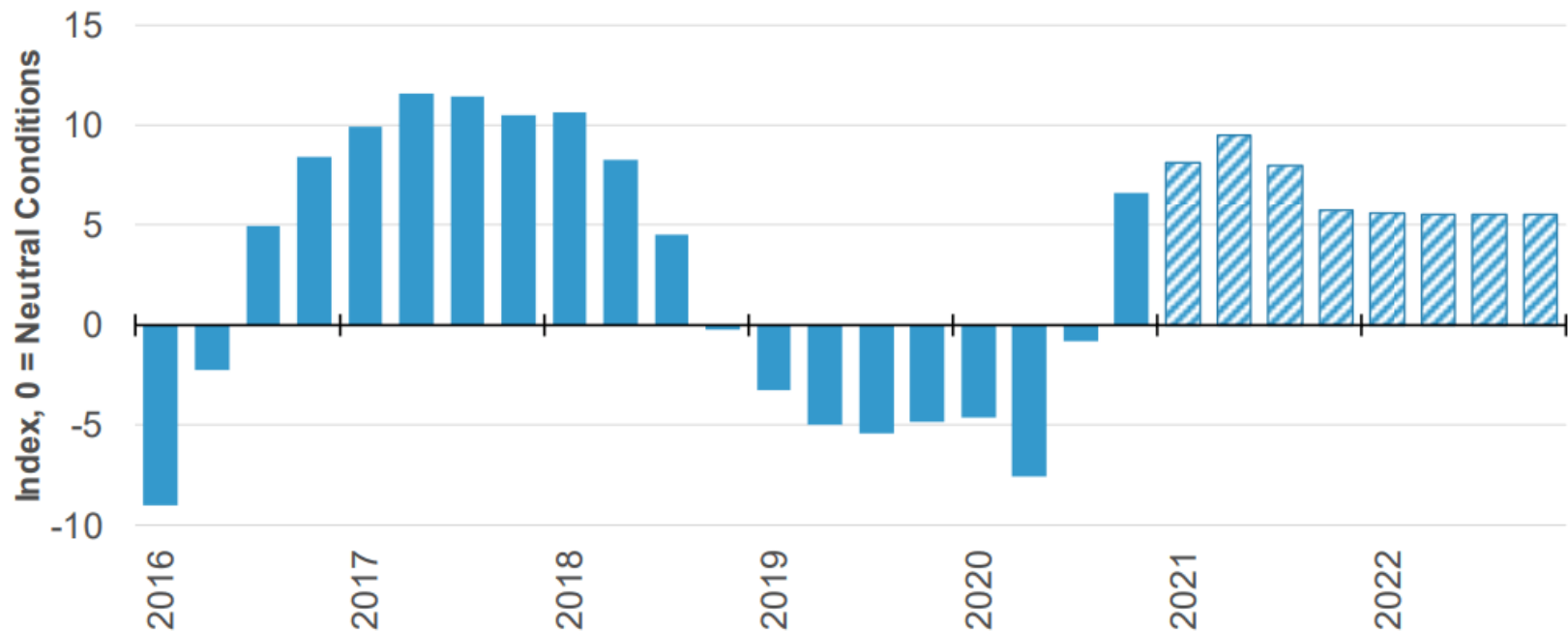


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## Truck Driver Pressure Index



Positive = Greater pressure on driver availability / Negative = Less pressure on driver availability

Source: FTR | Transportation Intelligence™; Copyright 2021, FTR

Forecast

**FTR** | Transportation Intelligence

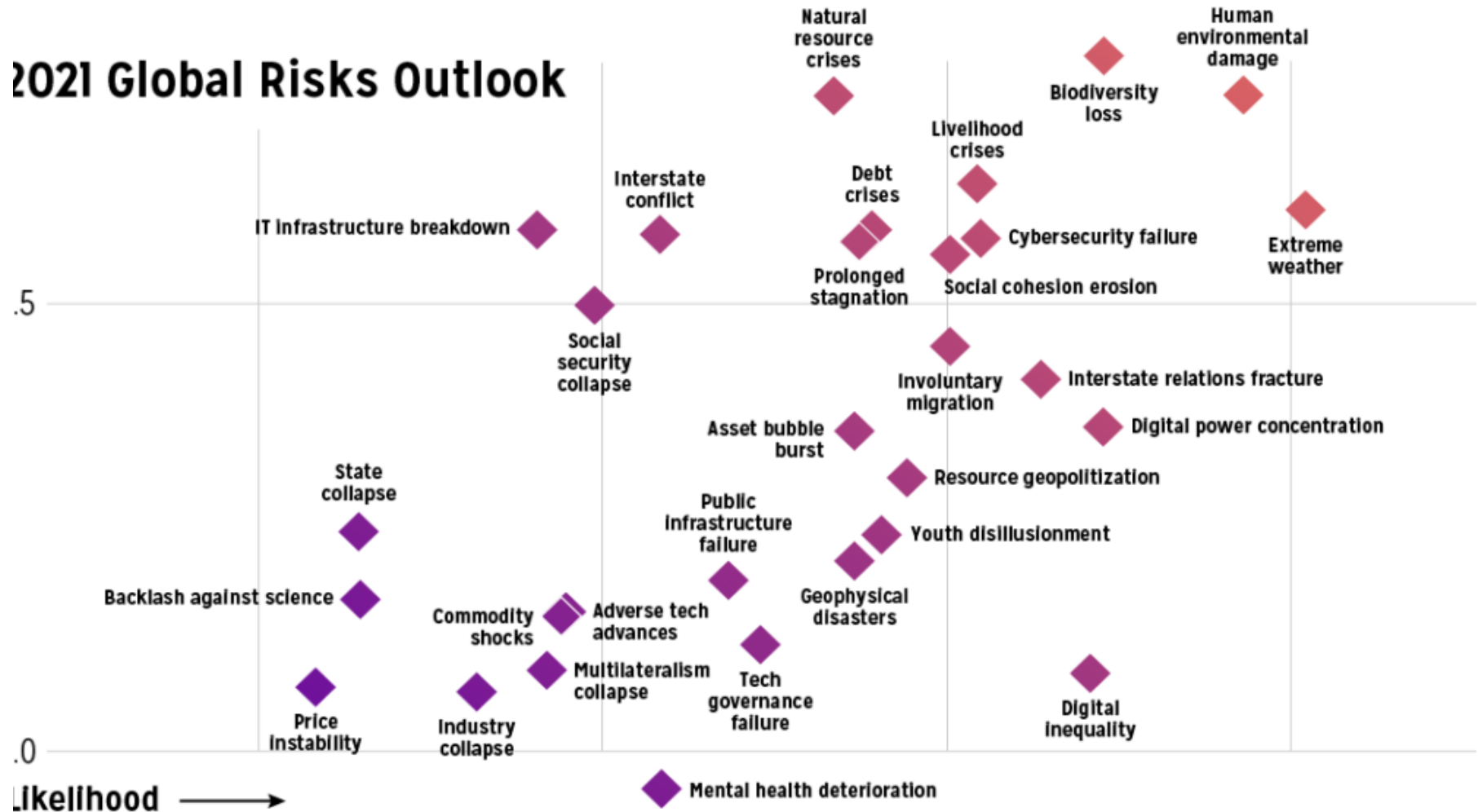


# Geopolitical Risk



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## 2021 Global Risks Outlook



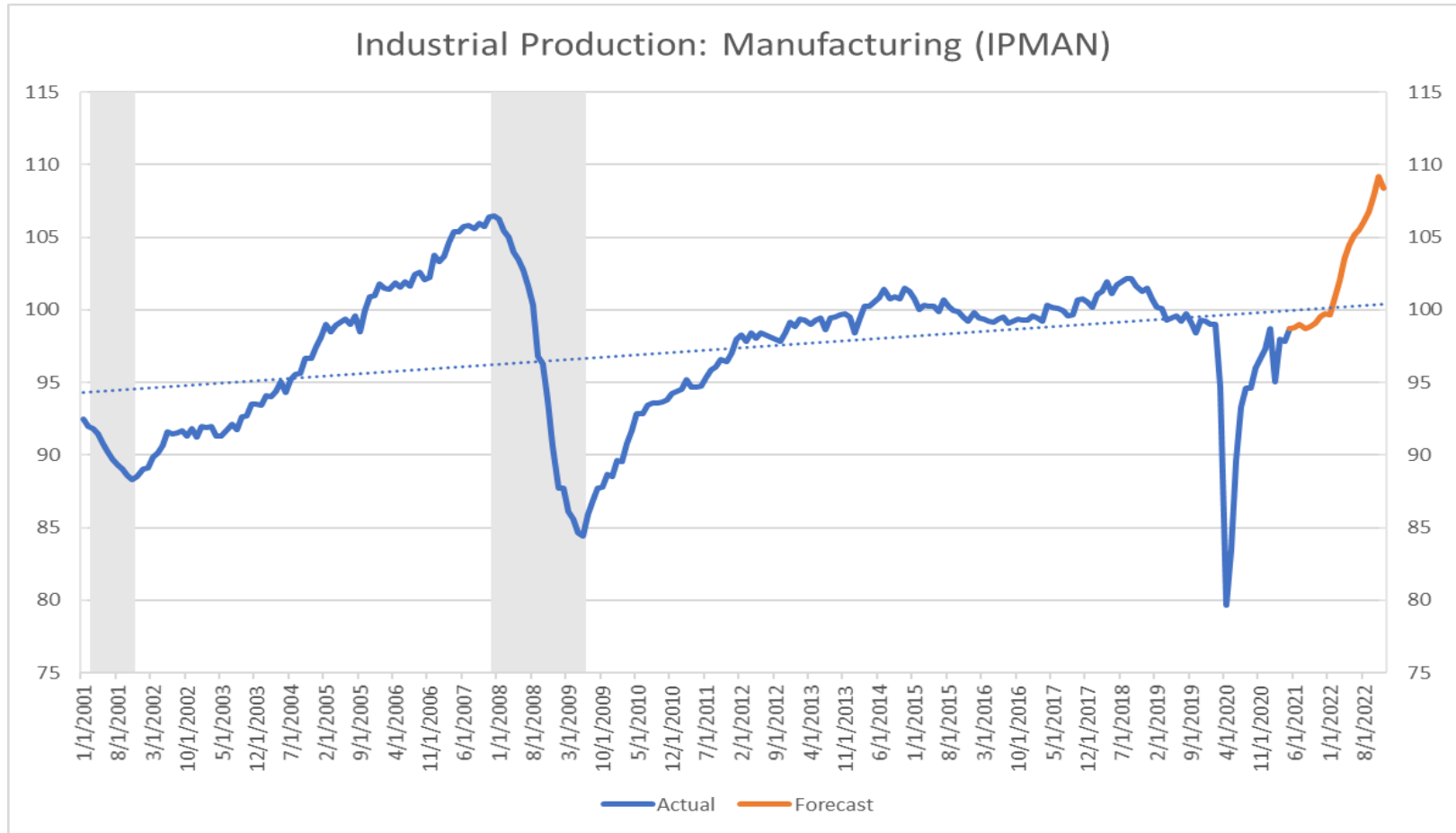
# Solid Outlook Ahead

	2019					2020					2021					2022				
	Q1	Q2	Q3	Q4	Y/Y	Q1	Q2	Q3	Q4	Y/Y	Q1	Q2	Q3	Q4	Y/Y	Q1	Q2	Q3	Q4	Y/Y
Industrial Production: Manufacturing	-1.37%	-0.48%	-0.48%	0.11%	-2.21%	-4.57%	-5.41%	5.59%	2.88%	-1.94%	0.64%	0.88%	0.02%	0.88%	2.44%	2.30%	3.09%	1.52%	1.51%	8.68%
Aerospace and miscellaneous transportation equipment IPG3964T9S	0.37%	-2.18%	3.83%	1.50%	3.46%	-18.76%	-9.44%	14.45%	3.05%	-13.23%	6.46%	-3.58%	1.32%	3.45%	7.60%	8.42%	3.97%	-1.20%	1.04%	12.53%
Computer and electronic product IPG334S	0.01%	0.44%	1.21%	1.90%	3.61%	1.05%	-0.72%	0.77%	2.18%	3.30%	2.89%	2.61%	0.76%	0.49%	6.90%	0.11%	0.71%	-0.25%	1.34%	1.92%
Electrical equipment, appliance, and component IPG335S	-0.07%	0.22%	-1.79%	-1.88%	-3.49%	-0.84%	-6.96%	2.61%	4.06%	-1.49%	3.54%	1.58%	-0.15%	5.38%	10.67%	1.59%	1.12%	1.83%	2.49%	7.21%
Fabricated metal product IPG332S	-1.17%	-1.59%	-0.36%	-0.85%	-3.91%	-2.54%	-6.82%	3.57%	0.53%	-5.45%	3.28%	0.27%	4.57%	-0.81%	7.41%	4.00%	5.18%	6.61%	2.25%	19.24%
Machinery IPG333S	-0.71%	-2.58%	-2.02%	0.60%	-4.65%	-1.19%	-9.21%	8.95%	1.55%	-0.75%	4.25%	2.02%	4.10%	0.33%	11.08%	1.20%	2.46%	3.58%	1.49%	9.00%
Motor Vehicles and Parts IPG3961T3S	-6.61%	2.26%	-6.34%	-0.22%	-10.76%	-24.30%	9.41%	21.98%	1.88%	2.93%	-6.85%	1.62%	5.14%	0.65%	0.17%	-4.22%	2.64%	2.03%	2.36%	2.67%
Primary Metal IPG331S	-3.47%	-2.71%	0.70%	-0.42%	-5.82%	-4.87%	-19.13%	15.43%	3.83%	-7.80%	3.66%	0.60%	-8.54%	2.33%	-2.40%	7.72%	6.95%	7.95%	2.08%	26.95%

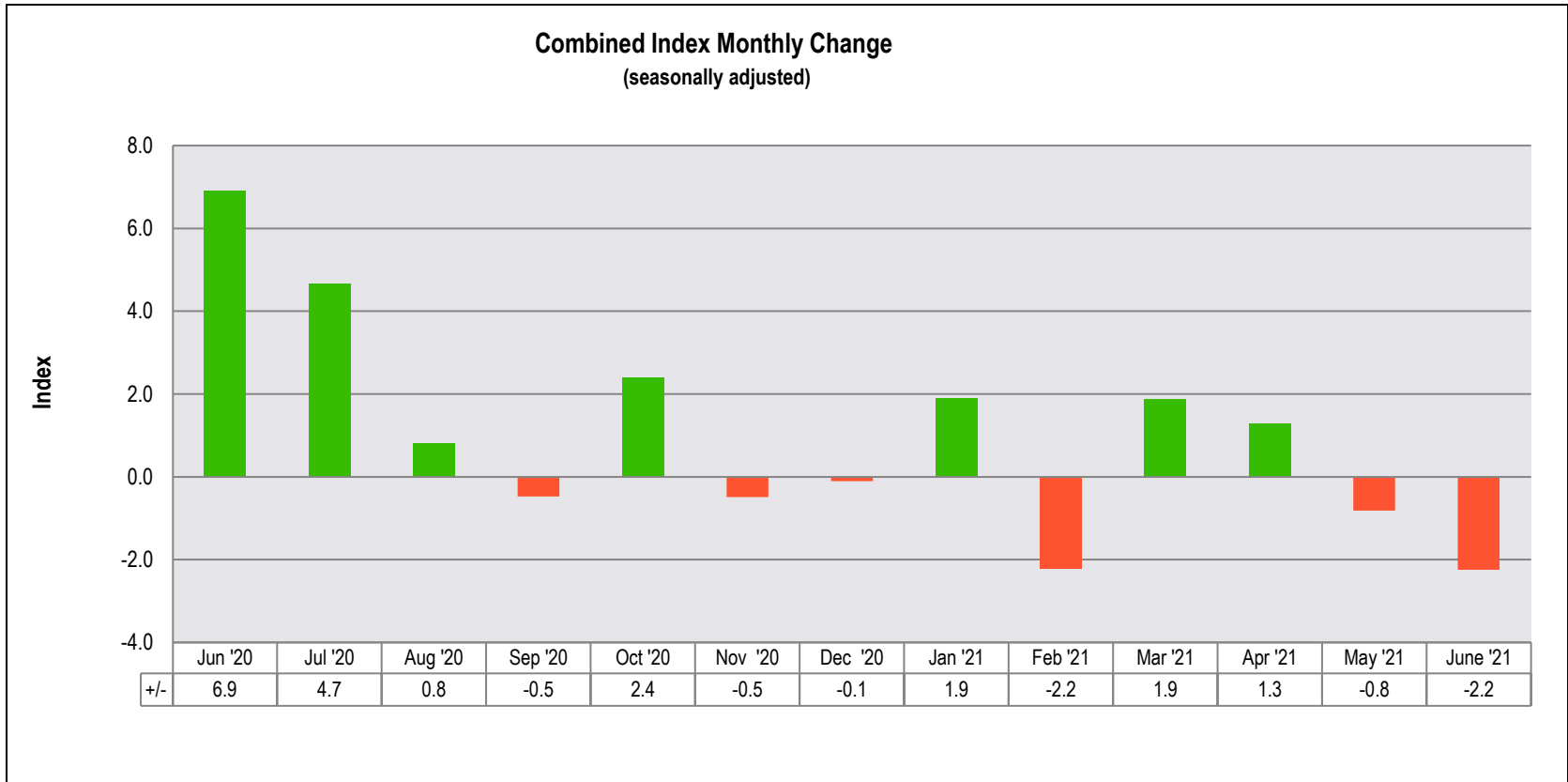
# Amazing Growth



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# Credit Managers' Index



# Most Useful Thing You Will Learn Today

When everyone is getting off the zoom call but you're struggling to find the leave meeting button so then it's just you and the host



**BUT WAIT – There's More!!**

**We are nothing if not prolific.  
Feel free to check these out in more detail**

- **Strategic Intelligence System – Manufacturing**
- **Black Owl Report**
- **Credit Managers' Index**
- **Transportation Demand Index**
- **Business Intelligence Brief**

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